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SUBJECT: COSTA RICA: LABOR UNIONS SQUARE OFF AGAINST THE GOVERNMENT

¶1. (U) Summary: Union leaders from Costa Rica's largest ports ended a five-day sit-in at the Ministry of Labor (MOL) headquarters on January 25 without coming to an agreement over what they see as government interference in union activities in the potential concession of the ports. The union, which is being supported by the major labor confederations in Costa Rica, has told us that they are now planning to hold a strike at the Limon/Moin ports, though they have yet to determine when it will begin or if other public sector unions will go on strike as well. End Summary.

¶2. (U) The union and the government have long wrangled over the concession of the poorly-run ports, which union leaders firmly oppose for fear of the potential layoffs. The government has offered union members up to \$7200 per year for twenty years in order to agree to the concession, however union leaders have refused to hold a vote on the subject since February 2009. A group of 377 of the roughly 1300 union workers voted on the government buy-out at an independent meeting held on January 15 and 94% voted in favor of the plan. However, the union is protesting this meeting as illegal as it was not organized by the union (and in fact union leaders allege it was convened by a government representative), sets a precedent for government involvement in union activities, and also only involved roughly a quarter of union members.

¶3. (U) On January 20th roughly fifty members of the ports union and other union confederations began protesting in front of the Ministry of Labor to call on the Ministry to void the results of the non-union vote. When the government refused to discount the vote (stating it had yet to receive a report of it, and would not rule on it until it had actually reviewed the facts of the vote), roughly twenty union leaders began a sit-in in the Minister of Labor's office which continued until January 25. Union leaders have told us that though they have given up their protest at the MOL, they now plan to organize a strike at the Limon/Moin ports and will consider the feasibility of organizing supporting strikes at other "principle organizations within the country." The union also says that it is now ready to hold a full assembly of its members to vote on the concession.

¶4. (U) In general, the USG views favorably the prospect of a Limon/Moin ports concession as the port complex has historically underperformed compared to other ports in the region. Eighty percent of the country's exports go through these very inefficient ports which have an average wait time of 42 hours. The two ports have only one functioning crane and little other equipment. The ratio of workers to tons of container cargo is significantly lower than other successful ports in Latin America. The Caribbean ports desperately need modernization. Few private companies will be

interested in the port concession without a severance agreement between the port workers and GOCR.

15. (SBU) Comment: The union leadership is dealing with a fracturing of its membership, and has used every method available to delay a vote on the concession. President Arias and his administration are intent on pushing through a ports deal, and have been frustrated by the union's attempts to block the concession. Thus the government encouraged the non-union vote (even if they stopped short of actually organizing it, as the unions allege), hoping that it would be enough to move forward with the concession. We expect the government to continue to look for ways to push through a deal, but it will ultimately respect the confines of what labor law dictates. In addition to striking, the union could also challenge the government's actions in the courts-a move which would undoubtedly delay any possible concession even further.
ANDREW